



# Verizon Communications **Financial and Operating Information**

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As of March 31, 2012

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## Condensed Consolidated Statements of Income

Unaudited	(dollars in millions, except per share amounts)		
	2010	2011	1Q'12
<b>Operating Revenues</b>	\$ 106,565	\$ 110,875	\$ 28,242
<b>Operating Expenses</b>			
Cost of services and sales	44,149	45,875	11,319
Selling, general & administrative expense	31,366	35,624	7,700
Depreciation and amortization expense	16,405	16,496	4,028
<b>Total Operating Expenses</b>	91,920	97,995	23,047
<b>Operating Income</b>	14,645	12,880	5,195
Equity in earnings of unconsolidated businesses	508	444	103
Other income and (expense), net	54	(14)	19
Interest expense	(2,523)	(2,827)	(685)
<b>Income Before Provision for Income Taxes</b>	12,684	10,483	4,632
Provision for income taxes	(2,467)	(285)	(726)
<b>Net Income</b>	\$ 10,217	\$ 10,198	\$ 3,906
Net income attributable to noncontrolling interest	\$ 7,668	\$ 7,794	\$ 2,220
Net income attributable to Verizon	2,549	2,404	1,686
<b>Net Income</b>	\$ 10,217	\$ 10,198	\$ 3,906
<b>Basic Earnings per Common Share</b>			
Net Income attributable to Verizon	\$ .90	\$ .85	\$ .59
<i>Weighted average number of common shares (in millions)</i>	2,830	2,833	2,842
<b>Diluted Earnings per Common Share <sup>(1)</sup></b>			
Net Income attributable to Verizon	\$ .90	\$ .85	\$ .59
<i>Weighted average number of common shares-assuming dilution (in millions)</i>	2,833	2,839	2,849

**Notes:**

(1) Diluted Earnings per Common Share includes the dilutive effect of shares issuable under our stock-based compensation. Certain reclassifications of prior period amounts have been made, where appropriate, to reflect comparable operating results.

## Condensed Consolidated Statements of Income

(dollars in millions, except per share amounts)

Unaudited	2010			2011				2012
	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q
<b>Operating Revenues</b>	\$26,773	\$26,484	\$26,395	\$26,990	\$27,536	\$27,913	\$28,436	<b>\$28,242</b>
<b>Operating Expenses</b>								
Cost of services and sales	12,216	10,671	10,610	11,229	11,158	11,398	12,090	<b>11,319</b>
Selling, general & administrative expense	9,970	8,407	5,291	7,284	7,373	7,689	13,278	<b>7,700</b>
Depreciation and amortization expense	4,177	4,023	4,083	4,024	4,113	4,179	4,180	<b>4,028</b>
<b>Total Operating Expenses</b>	<b>26,363</b>	<b>23,101</b>	<b>19,984</b>	<b>22,537</b>	<b>22,644</b>	<b>23,266</b>	<b>29,548</b>	<b>23,047</b>
<b>Operating Income (Loss)</b>	410	3,383	6,411	4,453	4,892	4,647	(1,112)	<b>5,195</b>
Equity in earnings of unconsolidated businesses	121	141	113	101	121	125	97	<b>103</b>
Other income and (expense), net	16	(51)	43	36	10	24	(84)	<b>19</b>
Interest expense	(679)	(597)	(567)	(709)	(717)	(698)	(703)	<b>(685)</b>
<b>Income (Loss) Before (Provision) Benefit for Income Taxes</b>	(132)	2,876	6,000	3,881	4,306	4,098	(1,802)	<b>4,632</b>
(Provision) benefit for income taxes	685	(178)	(1,352)	(617)	(702)	(556)	1,590	<b>(726)</b>
<b>Net Income (Loss)</b>	<b>\$ 553</b>	<b>\$ 2,698</b>	<b>\$ 4,648</b>	<b>\$ 3,264</b>	<b>\$ 3,604</b>	<b>\$ 3,542</b>	<b>\$ (212)</b>	<b>\$ 3,906</b>
Net income attributable to noncontrolling interest	\$ 1,745	\$ 2,039	\$ 2,009	\$ 1,825	\$ 1,995	\$ 2,163	\$ 1,811	<b>\$ 2,220</b>
Net income (loss) attributable to Verizon	(1,192)	659	2,639	1,439	1,609	1,379	(2,023)	<b>1,686</b>
<b>Net Income (Loss)</b>	<b>\$ 553</b>	<b>\$ 2,698</b>	<b>\$ 4,648</b>	<b>\$ 3,264</b>	<b>\$ 3,604</b>	<b>\$ 3,542</b>	<b>\$ (212)</b>	<b>\$ 3,906</b>
<b>Basic Earnings (Loss) per Common Share</b>								
Net Income (Loss) attributable to Verizon	\$ (.42)	\$ .23	\$ .93	\$ .51	\$ .57	\$ .49	\$ (.71)	<b>\$ .59</b>
Weighted average number of common shares (in millions)	2,827	2,829	2,829	2,830	2,832	2,834	2,835	<b>2,842</b>
<b>Diluted Earnings (Loss) per Common Share <sup>(1)</sup></b>								
Net Income (Loss) attributable to Verizon	\$ (.42)	\$ .23	\$ .93	\$ .51	\$ .57	\$ .49	\$ (.71)	<b>\$ .59</b>
Weighted average number of common shares-assuming dilution (in millions)	2,827	2,830	2,831	2,834	2,838	2,839	2,835	<b>2,849</b>

**Notes:**

(1) If there is a net loss, diluted EPS is the same as basic EPS. Diluted Earnings per Common Share includes the dilutive effect of shares issuable under our stock-based compensation plans.

Certain reclassifications of prior period amounts have been made, where appropriate, to reflect comparable operating results.

EPS may not add due to rounding.

## Non-Operational &amp; Other Items

Unaudited	(Pre-tax dollars in millions)		
	2010	2011	1Q'12
<b>Merger Integration and Acquisition Related Charges</b>			
Cost of services and sales	\$ 376	\$ -	\$ -
Selling, general & administrative expense	389	-	-
Depreciation and amortization expense	102	-	-
<b>Access Line Spin-off Related Charges</b>			
Cost of services and sales	\$ 42	\$ -	\$ -
Selling, general & administrative expense	365	-	-
Other income and (expense), net	55	-	-
<b>Severance, Pension &amp; Benefit Charges</b>			
Operating expenses	\$ 3,054	\$ 5,954	\$ -
<b>Medicare Part D Subsidy Charges</b>			
Provision for income taxes	\$ 962	\$ -	\$ -
<b>Wireless Data Revenue</b>			
Service revenue	\$ 226	\$ -	\$ -
Equipment & other	9	-	-
<b>Impact of Divested Operations</b>			
Revenues	\$ 2,407	\$ -	\$ -
Cost of services and sales	574	-	-
Selling, general & administrative expense	665	-	-
Depreciation and amortization expense	413	-	-
Total Expenses	<u>\$ 1,652</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Extinguishment of Debt</b>			
Other income and (expense), net	\$ -	\$ 120	\$ -

## Non-Operational &amp; Other Items

(Pre-tax dollars in millions)

Unaudited	2010			1Q	2011			2012
	2Q	3Q	4Q		2Q	3Q	4Q	1Q
<b>Merger Integration and Acquisition Related Charges</b>								
Cost of services and sales	\$ 96	\$ 92	\$ 151	\$ -	\$ -	\$ -	\$ -	\$ -
Selling, general & administrative expense	66	42	241	-	-	-	-	-
Depreciation and amortization expense	25	25	24	-	-	-	-	-
<b>Access Line Spin-off Related Charges</b>								
Cost of services and sales	\$ 27	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Selling, general & administrative expense	168	67	-	-	-	-	-	-
Other income and (expense), net	-	55	-	-	-	-	-	-
<b>Severance, Pension &amp; Benefit Charges</b>								
Operating expenses	\$ 3,896	\$ 1,188	\$ (2,030)	\$ -	\$ -	\$ 329	\$ 5,625	\$ -
<b>Wireless Data Revenue</b>								
Service revenue	\$ 258	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Equipment & other	10	-	-	-	-	-	-	-
<b>Impact of Divested Operations</b>								
Revenues	\$ 1,129	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Cost of services and sales	268	-	-	-	-	-	-	-
Selling, general & administrative expense	313	-	-	-	-	-	-	-
Depreciation and amortization expense	208	-	-	-	-	-	-	-
Total Expenses	\$ 789	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Extinguishment of Debt</b>								
Other income and (expense), net	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 120	\$ -

## Condensed Consolidated Balance Sheets

Unaudited	(dollars in millions)		
	12/31/10	12/31/11	3/31/12
<b>Assets</b>			
Current assets			
Cash and cash equivalents	\$ 6,668	\$ 13,362	\$ 5,909
Short-term investments	545	592	623
Accounts receivable, net	11,781	11,776	11,234
Inventories	1,131	940	1,063
Prepaid expenses and other	2,223	4,269	4,683
Total current assets	22,348	30,939	23,512
Plant, property and equipment	211,655	215,626	218,250
Less accumulated depreciation	123,944	127,192	130,064
	87,711	88,434	88,186
Investments in unconsolidated businesses	3,497	3,448	3,566
Wireless licenses	72,996	73,250	73,294
Goodwill	21,988	23,357	23,465
Other intangible assets, net	5,830	5,878	5,744
Other assets	5,635	5,155	5,154
<b>Total Assets</b>	<b>\$ 220,005</b>	<b>\$ 230,461</b>	<b>\$ 222,921</b>
<b>Liabilities and Equity</b>			
Current liabilities			
Debt maturing within one year	\$ 7,542	\$ 4,849	\$ 3,121
Accounts payable and accrued liabilities	15,702	14,689	13,231
Other	7,353	11,223	6,561
Total current liabilities	30,597	30,761	22,913
Long-term debt	45,252	50,303	48,476
Employee benefit obligations	28,164	32,957	32,164
Deferred income taxes	22,818	25,060	25,610
Other liabilities	6,262	5,472	5,337
Equity			
Common stock	297	297	297
Contributed capital	37,922	37,919	37,926
Reinvested earnings	4,368	1,179	1,444
Accumulated other comprehensive income	1,049	1,269	1,398
Common stock in treasury, at cost	(5,267)	(5,002)	(4,735)
Deferred compensation - employee stock ownership plans and other	200	308	341
Noncontrolling interest	48,343	49,938	51,750
Total Equity	86,912	85,908	88,421
<b>Total Liabilities and Equity</b>	<b>\$ 220,005</b>	<b>\$ 230,461</b>	<b>\$ 222,921</b>

## Verizon - Selected Financial and Operating Statistics

Unaudited	12/31/10	12/31/11	3/31/12
Total debt (\$M)	\$ 52,794	\$ 55,152	\$ 51,597
Net debt (\$M)	\$ 46,126	\$ 41,790	\$ 45,688
Net debt / Adjusted EBITDA	1.3x	1.2x	1.3x
Common shares outstanding end of period (M)	2,827	2,834	2,841
Total employees	194,400	193,900	191,800
Cash dividends declared per common share	\$ 1.925	\$ 1.975	\$ .500

Certain reclassifications of prior period amounts have been made, where appropriate, to reflect comparable operating results.

## Condensed Consolidated Balance Sheets

(dollars in millions)

Unaudited	6/30/10	9/30/10	12/31/10	3/31/11	6/30/11	9/30/11	12/31/11	3/31/12
<b>Assets</b>								
Current assets								
Cash and cash equivalents	\$ 4,761	\$ 5,394	\$ 6,668	\$ 14,007	\$ 6,240	\$ 10,324	\$ 13,362	\$ 5,909
Short-term investments	464	581	545	723	588	534	592	623
Accounts receivable, net	12,058	11,973	11,781	11,028	11,483	11,648	11,776	11,234
Inventories	985	1,010	1,131	1,245	1,270	1,153	940	1,063
Prepaid expenses and other	2,793	2,383	2,223	2,920	2,891	4,111	4,269	4,683
<b>Total current assets</b>	<b>21,061</b>	<b>21,341</b>	<b>22,348</b>	<b>29,923</b>	<b>22,472</b>	<b>27,770</b>	<b>30,939</b>	<b>23,512</b>
Plant, property and equipment	235,023	218,122	211,655	211,704	212,949	214,798	215,626	218,250
Less accumulated depreciation	143,335	131,138	123,944	123,459	123,552	125,955	127,192	130,064
	91,688	86,984	87,711	88,245	89,397	88,843	88,434	88,186
Investments in unconsolidated businesses	3,363	3,367	3,497	3,732	3,908	3,461	3,448	3,566
Wireless licenses	72,435	72,719	72,996	73,049	73,151	73,203	73,250	73,294
Goodwill	22,467	21,933	21,988	21,993	23,480	23,541	23,357	23,465
Other intangible assets, net	6,324	5,915	5,830	5,655	5,945	5,915	5,878	5,744
Other assets	8,501	8,146	5,635	5,511	5,403	5,299	5,155	5,154
<b>Total Assets</b>	<b>\$225,839</b>	<b>\$220,405</b>	<b>\$220,005</b>	<b>\$228,108</b>	<b>\$223,756</b>	<b>\$228,032</b>	<b>\$230,461</b>	<b>\$222,921</b>
<b>Liabilities and Equity</b>								
Current liabilities								
Debt maturing within one year	\$ 7,874	\$ 5,810	\$ 7,542	\$ 11,823	\$ 6,055	\$ 8,630	\$ 4,849	\$ 3,121
Accounts payable and accrued liabilities	16,905	16,092	15,702	13,810	14,238	14,486	14,689	13,231
Other	7,055	6,865	7,353	7,114	7,081	11,520	11,223	6,561
<b>Total current liabilities</b>	<b>31,834</b>	<b>28,767</b>	<b>30,597</b>	<b>32,747</b>	<b>27,374</b>	<b>34,636</b>	<b>30,761</b>	<b>22,913</b>
Long-term debt	49,594	47,360	45,252	49,374	47,927	46,285	50,303	48,476
Employee benefit obligations	34,098	34,576	28,164	27,543	27,589	27,705	32,957	32,164
Deferred income taxes	20,529	20,575	22,818	23,578	24,603	26,412	25,060	25,610
Other liabilities	6,592	6,414	6,262	6,002	5,551	5,479	5,472	5,337
Equity								
Common stock	297	297	297	297	297	297	297	297
Contributed capital	40,108	37,921	37,922	37,914	37,914	37,912	37,919	37,926
Reinvested earnings	4,190	3,871	4,368	4,427	4,656	4,619	1,179	1,444
Accumulated other comprehensive income (loss)	(1,495)	(997)	1,049	1,293	1,354	1,037	1,269	1,398
Common stock in treasury, at cost	(5,277)	(5,276)	(5,267)	(5,189)	(5,132)	(5,112)	(5,002)	(4,735)
Deferred compensation - employee stock ownership plans and other	150	190	200	246	259	298	308	341
Noncontrolling interest	45,219	46,707	48,343	49,876	51,364	48,464	49,938	51,750
<b>Total Equity</b>	<b>83,192</b>	<b>82,713</b>	<b>86,912</b>	<b>88,864</b>	<b>90,712</b>	<b>87,515</b>	<b>85,908</b>	<b>88,421</b>
<b>Total Liabilities and Equity</b>	<b>\$225,839</b>	<b>\$220,405</b>	<b>\$220,005</b>	<b>\$228,108</b>	<b>\$223,756</b>	<b>\$228,032</b>	<b>\$230,461</b>	<b>\$222,921</b>

## Verizon - Selected Financial and Operating Statistics

Unaudited	6/30/10	9/30/10	12/31/10	3/31/11	6/30/11	9/30/11	12/31/11	3/31/12
Total debt (\$M)	\$ 57,468	\$ 53,170	\$ 52,794	\$ 61,197	\$ 53,982	\$ 54,915	\$ 55,152	\$ 51,597
Net debt (\$M)	\$ 52,707	\$ 47,776	\$ 46,126	\$ 47,190	\$ 47,742	\$ 44,591	\$ 41,790	\$ 45,688
Net debt / Adjusted EBITDA				1.4x	1.4x	1.3x	1.2x	1.3x
Common shares outstanding end of period (M)	2,827	2,827	2,827	2,829	2,831	2,831	2,834	2,841
Total employees	210,800	195,100	194,400	196,200	195,900	195,400	193,900	191,800
Cash dividends declared per common share	\$ .4750	\$ .4875	\$ .4875	\$ .4875	\$ .4875	\$ .5000	\$ .5000	\$ .5000

Certain reclassifications of prior period amounts have been made, where appropriate, to reflect comparable operating results.



## Condensed Consolidated Statements of Cash Flows

	(dollars in millions)		
Unaudited	12 Months Ended 12/31/10	12 Months Ended 12/31/11	3 Months Ended 3/31/12
<b>Cash Flows From Operating Activities</b>			
Net Income	\$ 10,217	\$ 10,198	\$ 3,906
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization expense	16,405	16,496	4,028
Employee retirement benefits	3,988	7,426	375
Deferred income taxes	3,233	(223)	656
Provision for uncollectible accounts	1,246	1,026	278
Equity in earnings of unconsolidated businesses, net of dividends received	2	36	(89)
Changes in current assets and liabilities, net of effects from acquisition/ disposition of businesses	202	(2,279)	(1,580)
Other, net	(1,930)	(2,900)	(1,617)
Net cash provided by operating activities	33,363	29,780	5,957
<b>Cash Flows From Investing Activities</b>			
Capital expenditures (including capitalized software)	(16,458)	(16,244)	(3,565)
Acquisitions of licenses, investments and business, net of cash acquired	(1,438)	(2,018)	(165)
Proceeds from dispositions	2,594	-	-
Net change in short-term investments	(3)	35	16
Other, net	251	977	41
Net cash used in investing activities	(15,054)	(17,250)	(3,673)
<b>Cash Flows From Financing Activities</b>			
Proceeds from long-term borrowings	-	11,060	-
Repayments of long-term borrowings and capital lease obligations	(8,136)	(11,805)	(1,828)
Increase (decrease) in short-term obligations, excluding current maturities	(1,097)	1,928	(1,734)
Dividends paid	(5,412)	(5,555)	(1,291)
Proceeds from sale of common stock	-	241	69
Proceeds from access line spin-off	3,083	-	-
Special distribution to noncontrolling interest	-	-	(4,500)
Other, net	(2,088)	(1,705)	(453)
Net cash used in financing activities	(13,650)	(5,836)	(9,737)
<b>Increase (decrease) in cash and cash equivalents</b>	4,659	6,694	(7,453)
<b>Cash and cash equivalents, beginning of period</b>	2,009	6,668	13,362
<b>Cash and cash equivalents, end of period</b>	\$ 6,668	\$ 13,362	\$ 5,909

## Condensed Consolidated Statements of Cash Flows

(dollars in millions)

Unaudited	6 Months Ended 6/30/10	9 Months Ended 9/30/10	12 Months Ended 12/31/10	3 Months Ended 3/31/11	6 Months Ended 6/30/11	9 Months Ended 9/30/11	12 Months Ended 12/31/11	3 Months Ended 3/31/12
<b>Cash Flows From Operating Activities</b>								
Net Income	\$ 2,871	\$ 5,569	\$10,217	\$ 3,264	\$ 6,868	\$10,410	\$10,198	\$ 3,906
Adjustments to reconcile net income to net cash provided by operating activities:								
Depreciation and amortization expense	8,299	12,322	16,405	4,024	8,137	12,316	16,496	4,028
Employee retirement benefits	3,988	5,710	3,988	373	726	1,428	7,426	375
Deferred income taxes	775	1,611	3,233	790	1,501	1,901	(223)	656
Provision for uncollectible accounts	680	922	1,246	270	498	754	1,026	278
Equity in earnings of unconsolidated businesses, net of dividends received	(227)	82	2	(86)	(195)	102	36	(89)
Changes in current assets and liabilities, net of effects from acquisition/disposition of businesses	1,502	640	202	(2,070)	(2,361)	(2,553)	(2,279)	(1,580)
Other, net	(1,081)	(1,742)	(1,930)	(1,530)	(2,382)	(2,846)	(2,900)	(1,617)
Net cash provided by operating activities	16,807	25,114	33,363	5,035	12,792	21,512	29,780	5,957
<b>Cash Flows From Investing Activities</b>								
Capital expenditures (including capitalized software)	(7,619)	(11,744)	(16,458)	(4,363)	(8,918)	(12,546)	(16,244)	(3,565)
Acquisitions of licenses, investments and business, net of cash acquired	(538)	(1,027)	(1,438)	(104)	(1,668)	(1,854)	(2,018)	(165)
Proceeds from dispositions	2,594	2,594	2,594	-	-	-	-	-
Net change in short-term investments	(17)	(34)	(3)	24	47	43	35	16
Other, net	37	151	251	68	667	945	977	41
Net cash used in investing activities	(5,543)	(10,060)	(15,054)	(4,375)	(9,872)	(13,412)	(17,250)	(3,673)
<b>Cash Flows From Financing Activities</b>								
Proceeds from long-term borrowings	-	-	-	6,440	6,440	6,510	11,060	-
Repayments of long-term borrowings and capital lease obligations	(4,594)	(7,941)	(8,136)	(552)	(7,356)	(7,420)	(11,805)	(1,828)
Increase (decrease) in short-term obligations, excluding current maturities	(97)	(1,097)	(1,097)	2,384	1,012	1,817	1,928	(1,734)
Dividends paid	(2,690)	(4,034)	(5,412)	(1,379)	(2,759)	(4,139)	(5,555)	(1,291)
Proceeds from sale of common stock	-	-	-	70	122	139	241	69
Proceeds from access line spin-off	-	3,083	3,083	-	-	-	-	-
Special distribution to noncontrolling interest	-	-	-	-	-	-	-	(4,500)
Other, net	(1,131)	(1,680)	(2,088)	(284)	(807)	(1,351)	(1,705)	(453)
Net cash provided by (used in) financing activities	(8,512)	(11,669)	(13,650)	6,679	(3,348)	(4,444)	(5,836)	(9,737)
<b>Increase (decrease) in cash and cash equivalents</b>	2,752	3,385	4,659	7,339	(428)	3,656	6,694	(7,453)
<b>Cash and cash equivalents, beginning of period</b>	2,009	2,009	2,009	6,668	6,668	6,668	6,668	13,362
<b>Cash and cash equivalents, end of period</b>	\$ 4,761	\$ 5,394	\$ 6,668	\$14,007	\$ 6,240	\$10,324	\$13,362	\$ 5,909



# Verizon Wireless

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## Verizon Wireless – Selected Financial Results

(dollars in millions)

Unaudited	2010			1Q	2011			2012
	2Q	3Q	4Q		2Q	3Q	4Q	1Q
<b>Operating Revenues</b>								
Retail service	\$ 13,282	\$ 13,479	\$ 13,513	\$ 13,674	\$ 14,019	\$ 14,405	\$ 14,562	\$ 14,886
Other service	520	689	680	637	688	628	544	524
Service	13,802	14,168	14,193	14,311	14,707	15,033	15,106	15,410
Equipment	1,024	1,276	1,126	1,689	1,753	1,800	2,215	1,838
Other	871	806	829	881	833	893	933	1,025
<b>Total Operating Revenues</b>	<b>15,697</b>	<b>16,250</b>	<b>16,148</b>	<b>16,881</b>	<b>17,293</b>	<b>17,726</b>	<b>18,254</b>	<b>18,273</b>
<b>Operating Expenses</b>								
Cost of services and sales	4,736	5,017	4,817	5,880	5,829	5,670	6,707	5,910
Selling, general & administrative expense	4,451	4,543	4,596	4,751	4,794	4,867	5,167	5,228
Depreciation and amortization expense	1,827	1,836	1,881	1,899	1,978	2,040	2,045	1,918
<b>Total Operating Expenses</b>	<b>11,014</b>	<b>11,396</b>	<b>11,294</b>	<b>12,530</b>	<b>12,601</b>	<b>12,577</b>	<b>13,919</b>	<b>13,056</b>
<b>Operating Income</b>	<b>\$ 4,683</b>	<b>\$ 4,854</b>	<b>\$ 4,854</b>	<b>\$ 4,351</b>	<b>\$ 4,692</b>	<b>\$ 5,149</b>	<b>\$ 4,335</b>	<b>\$ 5,217</b>
<b>Operating Income Margin</b>	<b>29.8%</b>	<b>29.9%</b>	<b>30.1%</b>	<b>25.8%</b>	<b>27.1%</b>	<b>29.0%</b>	<b>23.7%</b>	<b>28.6%</b>
<b>Segment EBITDA</b>	<b>\$ 6,510</b>	<b>\$ 6,690</b>	<b>\$ 6,735</b>	<b>\$ 6,250</b>	<b>\$ 6,670</b>	<b>\$ 7,189</b>	<b>\$ 6,380</b>	<b>\$ 7,135</b>
<b>Segment EBITDA Service Margin</b>	<b>47.2%</b>	<b>47.2%</b>	<b>47.5%</b>	<b>43.7%</b>	<b>45.4%</b>	<b>47.8%</b>	<b>42.2%</b>	<b>46.3%</b>

**Footnotes:**

The segment financial results and metrics above are adjusted to exclude the effects of non-recurring or non-operational items, as the Company's chief operating decision maker excludes these items in assessing business unit performance.

Intersegment transactions have not been eliminated.

Certain reclassifications of prior period amounts have been made, where appropriate, to reflect comparable operating results.

## Verizon Wireless – Selected Operating Statistics

Unaudited	2010			2011			2012	
	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q
<b>Connections ('000)</b>								
Retail postpaid	81,573	82,257	83,125	84,031	85,290	86,175	87,382	<b>87,963</b>
Retail prepaid	4,603	4,477	4,410	4,383	4,445	4,533	4,785	<b>5,025</b>
Retail	86,176	86,734	87,535	88,414	89,735	90,708	92,167	<b>92,988</b>
<b>Net Add Detail <sup>(1)</sup> ('000)</b>								
Retail postpaid	661	584	872	906	1,257	882	1,207	<b>501</b>
Retail prepaid	(200)	(137)	(69)	(27)	61	86	252	<b>233</b>
Retail	461	447	803	879	1,318	968	1,459	<b>734</b>
<b>Churn Detail</b>								
Retail postpaid	0.93%	1.07%	1.01%	1.01%	0.89%	0.94%	0.94%	<b>0.96%</b>
Retail	1.31%	1.43%	1.37%	1.33%	1.22%	1.26%	1.23%	<b>1.24%</b>
<b>Revenue &amp; ARPU Statistics</b>								
Total data revenues (\$M)	\$ 4,756	\$ 5,062	\$ 5,268	\$ 5,458	\$ 5,810	\$ 6,100	\$ 6,278	<b>\$ 6,608</b>
Retail postpaid data ARPU	\$ 18.45	\$ 19.21	\$ 19.91	\$ 20.51	\$ 21.26	\$ 22.22	\$ 22.76	<b>\$ 23.80</b>
Total data as a % of service revenues	34.5%	35.7%	37.1%	38.1%	39.5%	40.6%	41.6%	<b>42.9%</b>
Retail service ARPU	\$ 51.53	\$ 51.95	\$ 51.79	\$ 51.88	\$ 52.49	\$ 53.21	\$ 53.14	<b>\$ 53.66</b>
Retail postpaid ARPU	\$ 53.12	\$ 53.61	\$ 53.45	\$ 53.52	\$ 54.12	\$ 54.89	\$ 54.80	<b>\$ 55.43</b>
<b>Retail Postpaid Connection Statistics</b>								
Total smartphone postpaid % of phones sold	39.5%	42.8%	49.3%	60.0%	59.5%	59.6%	70.3%	<b>72.4%</b>
Total smartphone postpaid phone base	21.3%	24.4%	28.1%	32.2%	35.9%	39.2%	43.5%	<b>46.8%</b>
Total internet postpaid base	6.5%	6.7%	7.0%	7.3%	7.5%	7.8%	8.1%	<b>8.3%</b>
<b>Other Operating Statistics</b>								
Capital expenditures (\$M)	\$ 2,262	\$ 2,173	\$ 2,233	\$ 2,735	\$ 2,667	\$ 1,784	\$ 1,787	<b>\$ 1,885</b>

**Footnotes:**

(1) Connection net additions exclude acquisitions and adjustments.

The segment financial results and metrics above are adjusted to exclude the effects of non-recurring or non-operational items, as the Company's chief operating decision maker excludes these items in assessing business unit performance.

Intersegment transactions have not been eliminated.

Certain reclassifications have been made, where appropriate, to reflect comparable operating results.



# Wireline

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## Wireline – Selected Financial Results

(dollars in millions)

Unaudited	2010			2011			2012	
	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q
<b>Operating Revenues</b>								
Consumer retail	\$ 3,350	\$ 3,364	\$ 3,385	\$ 3,383	\$ 3,394	\$ 3,400	\$ 3,429	\$ 3,441
Small business	720	709	700	695	682	670	684	662
Mass Markets	4,070	4,073	4,085	4,078	4,076	4,070	4,113	4,103
Strategic services	1,618	1,667	1,726	1,765	1,900	1,926	1,984	1,969
Core	2,201	2,174	2,151	2,051	2,056	1,995	1,945	1,883
Global Enterprise	3,819	3,841	3,877	3,816	3,956	3,921	3,929	3,852
Global Wholesale	2,192	2,157	2,098	2,042	2,030	1,963	1,938	1,861
Other	196	215	229	211	185	195	159	129
<b>Total Operating Revenues</b>	<b>10,277</b>	<b>10,286</b>	<b>10,289</b>	<b>10,147</b>	<b>10,247</b>	<b>10,149</b>	<b>10,139</b>	<b>9,945</b>
<b>Operating Expenses</b>								
Cost of services and sales	5,611	5,658	5,608	5,462	5,504	5,681	5,511	5,572
Selling, general & administrative expense	2,359	2,296	2,267	2,290	2,308	2,296	2,213	2,126
Depreciation and amortization expense	2,100	2,145	2,161	2,107	2,117	2,119	2,115	2,090
<b>Total Operating Expenses</b>	<b>10,070</b>	<b>10,099</b>	<b>10,036</b>	<b>9,859</b>	<b>9,929</b>	<b>10,096</b>	<b>9,839</b>	<b>9,788</b>
<b>Operating Income</b>	<b>\$ 207</b>	<b>\$ 187</b>	<b>\$ 253</b>	<b>\$ 288</b>	<b>\$ 318</b>	<b>\$ 53</b>	<b>\$ 300</b>	<b>\$ 157</b>
<b>Operating Income Margin</b>	<b>2.0%</b>	<b>1.8%</b>	<b>2.5%</b>	<b>2.8%</b>	<b>3.1%</b>	<b>0.5%</b>	<b>3.0%</b>	<b>1.6%</b>
<b>Segment EBITDA</b>	<b>\$ 2,307</b>	<b>\$ 2,332</b>	<b>\$ 2,414</b>	<b>\$ 2,395</b>	<b>\$ 2,435</b>	<b>\$ 2,172</b>	<b>\$ 2,415</b>	<b>\$ 2,247</b>
<b>Segment EBITDA Margin</b>	<b>22.4%</b>	<b>22.7%</b>	<b>23.5%</b>	<b>23.6%</b>	<b>23.8%</b>	<b>21.4%</b>	<b>23.8%</b>	<b>22.6%</b>

**Footnotes:**

The segment financial results and metrics above are adjusted to exclude the effects of non-operational items, as the Company's chief operating decision maker excludes these items in assessing business unit performance.

Intersegment transactions have not been eliminated.

Certain reclassifications of prior period amounts have been made, where appropriate, to reflect comparable operating results.

## Wireline – Selected Operating Statistics

Unaudited	2010			2011				2012
	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q
<b>Connections ('000)</b>								
FiOS Video Subscribers	3,086	3,290	3,472	3,664	3,848	3,979	4,173	<b>4,353</b>
FiOS Internet Subscribers	3,659	3,885	4,082	4,289	4,478	4,616	4,817	<b>5,010</b>
FiOS Digital Voice residence connections	346	672	817	977	1,195	1,460	1,884	<b>2,298</b>
FiOS Digital connections	7,091	7,847	8,371	8,930	9,521	10,055	10,874	<b>11,661</b>
HSI and other	4,620	4,455	4,310	4,201	4,074	3,956	3,853	<b>3,764</b>
Total Broadband connections	8,279	8,340	8,392	8,490	8,552	8,572	8,670	<b>8,774</b>
Primary residence switched access connections	12,739	12,153	11,757	11,359	10,946	10,456	9,906	<b>9,344</b>
Primary residence connections	13,085	12,825	12,574	12,336	12,141	11,916	11,790	<b>11,642</b>
Total retail residence voice connections	14,252	13,919	13,616	13,327	13,087	12,809	12,626	<b>12,421</b>
Total voice connections	27,138	26,544	26,001	25,454	24,997	24,519	24,137	<b>23,700</b>
<b>Net Add Detail ('000)</b>								
FiOS Video Subscribers	172	204	182	192	184	131	194	<b>180</b>
FiOS Internet Subscribers	193	226	197	207	189	138	201	<b>193</b>
FiOS Digital Voice residence connections	253	326	145	160	218	265	424	<b>414</b>
FiOS Digital connections	618	756	524	559	591	534	819	<b>787</b>
HSI and other	(155)	(165)	(145)	(109)	(127)	(118)	(103)	<b>(89)</b>
Total Broadband connections	38	61	52	98	62	20	98	<b>104</b>
Primary residence switched access connections	(519)	(586)	(396)	(398)	(413)	(490)	(550)	<b>(562)</b>
Primary residence connections	(266)	(260)	(251)	(238)	(195)	(225)	(126)	<b>(148)</b>
Total retail residence voice connections	(335)	(333)	(303)	(289)	(240)	(278)	(183)	<b>(205)</b>
Total voice connections	(581)	(594)	(543)	(547)	(457)	(478)	(382)	<b>(437)</b>
<b>Revenue &amp; ARPU Statistics</b>								
Consumer ARPU	\$ 84.48	\$ 86.55	\$ 88.85	\$ 90.55	\$ 92.44	\$ 94.20	\$ 96.43	<b>\$ 97.88</b>
FiOS revenues (\$M)	\$ 1,680	\$ 1,780	\$ 1,875	\$ 1,941	\$ 2,027	\$ 2,109	\$ 2,216	<b>\$ 2,288</b>
Strategic services as a % of total Enterprise revenues	42.4%	43.4%	44.5%	46.3%	48.0%	49.1%	50.5%	<b>51.1%</b>
<b>Other Operating Statistics</b>								
Capital expenditures (\$M)	\$ 1,781	\$ 1,751	\$ 2,171	\$ 1,465	\$ 1,685	\$ 1,617	\$ 1,632	<b>\$ 1,537</b>
Wireline employees (K)	103.4	97.5	92.3	92.0	93.2	92.8	91.8	<b>90.8</b>
FiOS Video Open for Sale (K)	11,802	12,077	12,388	12,585	12,870	13,023	13,250	<b>13,460</b>
FiOS Video penetration	26.1%	27.2%	28.0%	29.1%	29.9%	30.6%	31.5%	<b>32.3%</b>
FiOS Internet Open for Sale (K)	12,258	12,525	12,786	12,962	13,202	13,358	13,585	<b>13,780</b>
FiOS Internet penetration	29.8%	31.0%	31.9%	33.1%	33.9%	34.6%	35.5%	<b>36.4%</b>

**Footnotes:**

The segment financial results and metrics above are adjusted to exclude the effects of non-operational items, as the Company's chief operating decision maker excludes these items in assessing business unit performance.

Intersegment transactions have not been eliminated.

Certain reclassifications have been made, where appropriate, to reflect comparable operating results.





# Non-GAAP Reconciliations

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As of March 31, 2012

## Definitions – Non-GAAP Measures

### Non-GAAP Measures

Verizon's financial information includes information prepared in conformity with generally accepted accounting principles (GAAP) as well as non-GAAP information. It is management's intent to provide non-GAAP financial information to enhance understanding of Verizon's GAAP consolidated financial information and it should be considered by the reader in addition to, but not instead of, the financial statements prepared in accordance with GAAP. Each non-GAAP financial measure is presented along with the corresponding GAAP measure so as not to imply that more emphasis should be placed on the non-GAAP measure. The non-GAAP financial information presented may be determined or calculated differently by other companies.

### Adjusted Operating Income and Adjusted Operating Income Margin

Verizon Consolidated Adjusted Operating Income (Adjusted Operating Income) and Adjusted Operating Income Margin are non-GAAP financial measures that management believes are useful to investors and other users of our financial information in evaluating our operating results and understanding trends. Adjusted Operating Income is calculated by excluding the effect of non-operational items from Operating Income. Adjusted Operating Income Margin is calculated by dividing Adjusted Operating Income by Consolidated Operating Revenues.

### EBITDA and EBITDA Margin

Verizon Consolidated Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA), Segment EBITDA and EBITDA margins are non-GAAP measures and do not purport to be alternatives to GAAP items as measures of operating performance. Management believes that these measures are useful to investors and other users of our financial information in evaluating operating profitability on a more variable cost basis as they exclude the depreciation and amortization expenses related primarily to capital expenditures and acquisitions that occurred in prior years, in evaluating operating performance in relation to Verizon's competitors.

**Consolidated** – Consolidated EBITDA is calculated by adding back interest, taxes, depreciation and amortization expenses, equity in earnings of unconsolidated businesses and other income and (expense), net to net income. Consolidated Adjusted EBITDA is calculated by excluding the effect of non-operational or non-recurring items and the impact of divested operations from the calculation of Consolidated EBITDA. Consolidated Adjusted EBITDA margin is calculated by dividing Consolidated Adjusted EBITDA by Consolidated Operating Revenues.

**Verizon Wireless** – Verizon Wireless Segment EBITDA is calculated by adding back depreciation and amortization expenses to Verizon Wireless Segment operating income, and Verizon Wireless Segment EBITDA Service Margin is calculated by dividing Verizon Wireless Segment EBITDA by Verizon Wireless service revenues. The Verizon Wireless Segment EBITDA Service Margin utilizes service revenues rather than total revenues. Service revenues primarily exclude equipment revenues (as well as other non-service revenues) in order to capture the impact of providing service to the wireless customer base on an ongoing basis.

**Wireline** – Wireline Segment EBITDA is calculated by adding back depreciation and amortization expenses to Wireline Segment operating income, and Wireline Segment EBITDA Margin is calculated by dividing Wireline Segment EBITDA by total Wireline revenues.

### Adjusted Earnings Per Share

Adjusted Earnings Per Share (Adjusted EPS) is a non-GAAP financial measure that management believes is useful to investors in evaluating our operating results and understanding our operating trends. Adjusted EPS is calculated by adding back the EPS impact of non-operational or non-recurring items to reported EPS.

### Free Cash Flow

Free Cash Flow is a non-GAAP financial measure that management believes is useful to investors and other users of our financial information in evaluating the cash available to pay debt and dividends. Free Cash Flow is calculated by subtracting capital expenditures from net cash provided by operating activities.

### Net Debt and Net Debt to Adjusted EBITDA Ratio

Net Debt and the Net Debt to Adjusted EBITDA Ratio are non-GAAP financial measures that management believes are useful to investors and other users of our financial information in evaluating Verizon's leverage. Net Debt is calculated by subtracting cash and cash equivalents from the sum of debt maturing within one year and long-term debt. For purposes of the Net Debt to Adjusted EBITDA Ratio, Adjusted EBITDA is calculated for the last 12 months. Management believes this presentation assists investors in understanding trends that are indicative of future operating results given the non-operational or non-recurring nature of the items excluded from the calculation.

## Consolidated Reconciliations

	(dollars in millions)		
Unaudited	3 Months Ended 3/31/11	3 Months Ended 12/31/11	3 Months Ended 3/31/12
<b>Operating Revenues</b>	\$26,990	\$ 28,436	\$ 28,242

	(dollars in millions)							
Unaudited	3 Months Ended 6/30/10	3 Months Ended 9/30/10	3 Months Ended 12/31/10	3 Months Ended 3/31/11	3 Months Ended 6/30/11	3 Months Ended 9/30/11	3 Months Ended 12/31/11	3 Months Ended 3/31/12
<b>Adjusted EBITDA - Verizon</b>								
<b>Verizon Consolidated EBITDA</b>								
Consolidated net income	\$ 553	\$ 2,698	\$ 4,648	\$ 3,264	\$ 3,604	\$ 3,542	\$ (212)	\$ 3,906
Add/subtract non-operating items:								
Provision (benefit) for income taxes	(685)	178	1,352	617	702	556	(1,590)	726
Interest expense	679	597	567	709	717	698	703	685
Other (income) and expense, net	(16)	51	(43)	(36)	(10)	(24)	84	(19)
Equity in earnings of unconsolidated business	(121)	(141)	(113)	(101)	(121)	(125)	(97)	(103)
<b>Operating Income</b>	410	3,383	6,411	4,453	4,892	4,647	(1,112)	5,195
Add: Depreciation and amortization expense	4,177	4,023	4,083	4,024	4,113	4,179	4,180	4,028
<b>Consolidated EBITDA</b>	\$ 4,587	\$ 7,406	\$ 10,494	\$ 8,477	\$ 9,005	\$ 8,826	\$ 3,068	\$ 9,223
<b>Other Items (Before Tax)</b>								
Merger Integration & Acquisition Related Charges	162	134	392	-	-	-	-	-
Access Line Spin-Off Related Charges	195	67	-	-	-	-	-	-
Impact of Divested Operations	(548)	-	-	-	-	-	-	-
Severance, Pension & Benefit Charges	3,896	1,188	(2,030)	-	-	329	5,625	-
Deferred Revenue Adjustment	268	-	-	-	-	-	-	-
	3,973	1,389	(1,638)	-	-	329	5,625	-
<b>Consolidated Adjusted EBITDA</b>	\$ 8,560	\$ 8,795	\$ 8,856	\$ 8,477	\$ 9,005	\$ 9,155	\$ 8,693	\$ 9,223
<b>Adjusted Operating Income</b>							\$ 4,513	
<b>Operating Income Margin</b>				16.5%			-3.9%	18.4%
<b>Adjusted Operating Income Margin</b>							15.9%	
<b>Adjusted EBITDA Margin</b>				31.4%			30.6%	32.7%

	(dollars in millions)							
Unaudited	6/30/10	9/30/10	12/31/10	3/31/11	6/30/11	9/30/11	12/31/11	3/31/12
<b>Net Debt to Adjusted EBITDA - Verizon</b>								
<b>Verizon Net Debt</b>								
Debt maturing within one year	\$ 7,874	\$ 5,810	\$ 7,542	\$ 11,823	\$ 6,055	\$ 8,630	\$ 4,849	\$ 3,121
Long-term debt	49,594	47,360	45,252	49,374	47,927	46,285	50,303	48,476
<b>Total Debt</b>	57,468	53,170	52,794	61,197	53,982	54,915	55,152	51,597
Less: Cash and cash equivalents	4,761	5,394	6,668	14,007	6,240	10,324	13,362	5,909
<b>Net Debt</b>	\$ 52,707	\$ 47,776	\$ 46,126	\$ 47,190	\$ 47,742	\$ 44,591	\$ 41,790	\$ 45,688
<b>Net Debt to Adjusted EBITDA Ratio</b>				1.4x	1.4x	1.3x	1.2x	1.3x

## Consolidated Reconciliations

Unaudited	3 Months Ended 12/31/11
<b>Adjusted EPS - Verizon</b>	
<b>Reported EPS</b>	\$ (0.71)
Severance, Pension, and Benefit Charges	1.20
Extinguishment of Debt	0.03
<b>Adjusted EPS</b>	<u>\$ 0.52</u>

Unaudited	3 Months Ended 3/31/11	(dollars in millions) 3 Months Ended 3/31/12
<b>Free Cash Flow - Verizon</b>		
<b>Verizon Free Cash Flow</b>		
<b>Net cash provided by operating activities</b>	\$ 5,035	\$ 5,957
Less: Capital expenditures	4,363	3,565
<b>Free Cash Flow</b>	<u>\$ 672</u>	<u>\$ 2,392</u>

## Wireless Reconciliations

(dollars in millions)

Unaudited	3 Months Ended 6/30/10	3 Months Ended 9/30/10	3 Months Ended 12/31/10	3 Months Ended 3/31/11	3 Months Ended 6/30/11	3 Months Ended 9/30/11	3 Months Ended 12/31/11	3 Months Ended 3/31/12
<b>Verizon Wireless Segment EBITDA</b>								
<b>Operating income</b>	\$ 4,683	\$ 4,854	\$ 4,854	\$ 4,351	\$ 4,692	\$ 5,149	\$ 4,335	\$ 5,217
Add: Depreciation and amortization expense	1,827	1,836	1,881	1,899	1,978	2,040	2,045	1,918
<b>Verizon Wireless Segment EBITDA</b>	<b>\$ 6,510</b>	<b>\$ 6,690</b>	<b>\$ 6,735</b>	<b>\$ 6,250</b>	<b>\$ 6,670</b>	<b>\$ 7,189</b>	<b>\$ 6,380</b>	<b>\$ 7,135</b>
Verizon Wireless total operating revenues	\$ 15,697	\$ 16,250	\$ 16,148	\$ 16,881	\$ 17,293	\$ 17,726	\$ 18,254	\$ 18,273
Verizon Wireless service revenues	\$ 13,802	\$ 14,168	\$ 14,193	\$ 14,311	\$ 14,707	\$ 15,033	\$ 15,106	\$ 15,410
<b>Verizon Wireless operating income margin</b>	<b>29.8%</b>	<b>29.9%</b>	<b>30.1%</b>	<b>25.8%</b>	<b>27.1%</b>	<b>29.0%</b>	<b>23.7%</b>	<b>28.6%</b>
<b>Verizon Wireless Segment EBITDA service margin</b>	<b>47.2%</b>	<b>47.2%</b>	<b>47.5%</b>	<b>43.7%</b>	<b>45.4%</b>	<b>47.8%</b>	<b>42.2%</b>	<b>46.3%</b>

## Wireline Reconciliations

(dollars in millions)

Unaudited	3 Months Ended 6/30/10	3 Months Ended 9/30/10	3 Months Ended 12/31/10	3 Months Ended 3/31/11	3 Months Ended 6/30/11	3 Months Ended 9/30/11	3 Months Ended 12/31/11	3 Months Ended 12/31/12
<b>Wireline Segment EBITDA</b>								
<b>Operating income</b>	\$ 207	\$ 187	\$ 253	\$ 288	\$ 318	\$ 53	\$ 300	\$ 157
Add: Depreciation and amortization expense	2,100	2,145	2,161	2,107	2,117	2,119	2,115	2,090
<b>Wireline Segment EBITDA</b>	<b>\$ 2,307</b>	<b>\$ 2,332</b>	<b>\$ 2,414</b>	<b>\$ 2,395</b>	<b>\$ 2,435</b>	<b>\$ 2,172</b>	<b>\$ 2,415</b>	<b>\$ 2,247</b>
Wireline total operating revenues	\$ 10,277	\$ 10,286	\$ 10,289	\$ 10,147	\$ 10,247	\$ 10,149	\$ 10,139	\$ 9,945
<b>Wireline operating income margin</b>	<b>2.0%</b>	<b>1.8%</b>	<b>2.5%</b>	<b>2.8%</b>	<b>3.1%</b>	<b>0.5%</b>	<b>3.0%</b>	<b>1.6%</b>
<b>Wireline Segment EBITDA margin</b>	<b>22.4%</b>	<b>22.7%</b>	<b>23.5%</b>	<b>23.6%</b>	<b>23.8%</b>	<b>21.4%</b>	<b>23.8%</b>	<b>22.6%</b>